A Practical Approach to Sustainability for Small Companies

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Why Companies (Especially Small Ones) Don’t Pursue a Sustainability Agenda

1. Don’t understand what sustainability entails; think it’s about:
   - producing a large, glossy report
   - extreme environmentalism
   - high-priced public relations
   - halting business growth

2. Don’t see business value; think it’s an unaffordable luxury that doesn’t matter

3. Not aware of sustainability trends and potential business impacts

4. Don’t see how to approach it with limited resources
Why Should Small Companies Adopt a Process to Address Sustainability Issues?

1. To identify and manage potentially significant risks

2. To improve productivity and lower costs

3. To better anticipate customers’ future needs

4. To explore new markets

5. To enhance reputation with customers, investors, employees, governments and communities and secure their support
Continual Improvement Process For Sustainability

1. **Prioritize SD Threats & Opportunities**
   - Plan & Set Goals for Addressing Gaps

2. **Solicit Stakeholder Feedback**

3. **Assess Strengths & Gaps**

4. **Report Key Data**

5. **Measure Performance vs. Goals/Expectations**

6. **Implement Plan**

7. **Prioritize SD Threats & Opportunities**
   - Plan & Set Goals for Addressing Gaps
Prioritizing Topics/Issues for Action

1. Obtain an intuitive grasp of sustainable development to provide a framework for action

a. NAFTA debates

b. Traditional definitions

= Meeting the needs of the present without compromising the ability of future generations to meet their own needs (UN Brundtland Comm. 1987)

= Global long-term well-being

= Triple bottom line (economics + environmental + social)

= Respect for people and other living things + wise use and management of economic and natural resources (2Rs)
2. Learn about sustainability trends:

a. **Some topics:** pollution, population, natural resources, biodiversity, globalization, socially responsible investing, producer responsibility, green marketing, poverty, health, education, NGOs, governance, corporate transparency, human rights, etc.

b. **Web sites:** WBCSD, BSR, UNEP, WRI, Worldwatch Institute, SustainAbility, Social Investment Forum, USEPA

c. **Books:**
   - Tomorrow’s Markets by WRI, UNEP & WBCSD;
   - Which World by Hammond (WRI);
   - Vital Signs by Abramovitz & Brown (WWI);
   - Sustainability Handbook for Business by Blackburn (2005)
Prioritizing Topics/Issues for Action

3. **Assess and rate business risks** (competitive, legal, PR, etc.) and **opportunities** (growth, marketing, innovation, etc.) posed by each trend.

4. **Identify expectations and possible topics**
   a. Indicators in GRI Reporting Guidelines
   b. Company obligations implied by GRI indicators
   c. Examples of sustainability topics

5. **Prioritize topics for action.** Consider:
   a. Business value of topic from trends assessment
   b. Importance of topic to stakeholders and management
   c. Links with business and functional objectives
   d. Consistency with company culture
   e. Public visibility of topic
   f. Extent of impact vs. ease of implementation
Economic Success: The Wise Use of Financial Resources

Do our business activities promote sustainable economic health for the company and the global community? More specifically, do we fulfill the following obligations?

a. **Company Economic Prosperity**
   Our business is positioned to survive and prosper economically.

b. **Community Economic Prosperity**
   We are helping our community survive and prosper economically.

**Examples of Economic Topics**

- Sales
- Profits
- Dividends
- Cash flow
- R&D investment
- Capital expenditures
- Debt and interest
- Wages
- Market share
- Retained earnings
- Liabilities
- Return on investment
- Community donations
- Taxes
- Tax subsidies
- Local purchasing
- Credit rating
- Brand strength
Social Responsibility: Respect for People

Do we conduct our business in a manner that contributes to the well-being of our employees and the global community? More specifically, do we fulfill the following obligations?

a. **Respect for Employees.** We treat our employees in a respectful, fair, non-exploitative way, especially with regard to compensation and benefits; training; open, constructive dialogue with management; involvement in decision-making; working conditions that are safe, healthy and non-coercive; rights of association, collective bargaining and privacy; employment termination practices; and work-life balance.

b. **Diversity, Fair Hiring Practices.** We promote diversity and use hiring practices that are fair, responsible, non-discriminatory, and non-exploitative for our employees, board members, and suppliers.
c. **Responsible Governance.** We manage our risks properly, use our economic power responsibly and operate our business in a way that is ethical and legal.

d. **Respect for Stakeholders.** We are transparent, respectful and fair to local populations, investors, suppliers and other stakeholders outside our organization who may be affected by our operations. We work collaboratively with our communities to enhance the well-being of others.

e. **Fair Dealing With Customers.** We are honest and fair with our customers, competing fairly for their business, respecting their privacy, and providing them safe and effective products and services under the conditions we promise.
## Social Responsibility: Respect for People

### Examples of Social Topics

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td>Workplace safety, Corporate governance</td>
</tr>
<tr>
<td>Product usefulness</td>
<td>Employee relations, Product labeling</td>
</tr>
<tr>
<td>Product quality</td>
<td>Product labeling, Board diversity</td>
</tr>
<tr>
<td>Product safety</td>
<td>Supplier diversity</td>
</tr>
<tr>
<td>Union relations</td>
<td>Employee privacy</td>
</tr>
<tr>
<td>Producer responsibility</td>
<td>Non-discrimination policies</td>
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<tr>
<td>Consumer privacy</td>
<td>Community outreach</td>
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<tr>
<td>Emergency preparedness</td>
<td>Employment</td>
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<tr>
<td>Child labor</td>
<td>Transparent public reporting</td>
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<tr>
<td>Forced labor</td>
<td>Dependent care benefits</td>
</tr>
<tr>
<td>Disciplinary practices</td>
<td>Bribery and corruption</td>
</tr>
<tr>
<td>Flexible work options</td>
<td>Securities regulation</td>
</tr>
<tr>
<td>Charitable donations</td>
<td>Industrial hygiene</td>
</tr>
<tr>
<td>Antitrust practices</td>
<td>Support for community services</td>
</tr>
<tr>
<td>Occupational health</td>
<td></td>
</tr>
<tr>
<td>Legal compliance concerning the above topics</td>
<td></td>
</tr>
</tbody>
</table>
Do we manage our operations in a way protects the environment to help ensure the earth can sustain future generations and the company’s ability to meet future needs? More specifically, do we fulfill the following obligations?

a. **Resource Conservation.** We conserve our use of natural resources to the extent practicable.

b. **Waste Prevention and Management.** We reduce to the extent practicable the volume and degree of hazard of the wastes we generate from our operations, and handle these wastes in a safe, legal and responsible way to minimize their environmental effects.
c. **Environmental Risk Control and Restoration.** We minimize the risk of spills and other potentially harmful environmental incidents, restore the environment where damaged by us, and enhance it to better support biodiversity.

d. **Supply Chain Impacts.** We work with others in our supply chain to help assure environmental impacts and risks associated with our products and services are reduced and properly controlled.

e. **Collaboration With Communities.** We collaborate with our communities to protect and improve the environment.
### Environmental Responsibility: Respect for Life; The Wise Management and Use of Natural Resources

#### Examples of Environmental Topics

<table>
<thead>
<tr>
<th>Waste disposal</th>
<th>Air pollution</th>
<th>Water pollution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical spills</td>
<td>Greenhouse gases</td>
<td>Ozone-depleting substances</td>
</tr>
<tr>
<td>Water conservation</td>
<td>Energy conservation</td>
<td>Natural resource usage</td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>Recycling</td>
<td>Biodiversity</td>
</tr>
<tr>
<td>Packaging reduction</td>
<td>Soil contamination</td>
<td>Product take-back</td>
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<tr>
<td>Natural habitat restoration</td>
<td>Wetlands protection</td>
<td>Wildlife conservation</td>
</tr>
<tr>
<td>Animal rights</td>
<td>Product energy use</td>
<td>Customer disposal of products</td>
</tr>
<tr>
<td>Precautionary principle</td>
<td>Spill prevention</td>
<td>Renewable energy</td>
</tr>
<tr>
<td>Endangered species</td>
<td>Radon</td>
<td>Mold contamination</td>
</tr>
<tr>
<td>Compliance with environmental laws and permits</td>
<td></td>
<td>Design for the environment</td>
</tr>
</tbody>
</table>
Measurement & Reporting

1. Set metrics / objectives for each priority topic

2. Measure and report performance

- Purposes: drive change, build credibility

- Data-collection systems:
  - Web-based?
  - Lotus Notes/Excel spreadsheets?
  - Simpler methods used by business?

- Report form:
  - Simple web site report?
  - PC-generated brochure or bullet points?
  - Integrated with financial report?
Key Points on Reporting

• Start simple and continually improve

• Stay out of the comfort zone; show courage

• Make it relevant to business and functions

• Leverage existing systems, processes, reports

• Be consistent with financial reports

• Assure data is reasonably accurate (Kasky Case)

• Be sincere and humble, avoid Greenwash
Feedback From Stakeholders

• Communicate report to key stakeholders (employees/ recruits, communities, government authorities, customers, suppliers. investors, et al.)

• Solicit comments about issues, response and report

• Link with other meetings, calls

• Seek to understand, not argue ("listening forums")

• Incorporate feedback in planning
Continual Improvement Process For Sustainability

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Assess Strengths & Gaps

Report Key Data

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Implement Plan

Solicit Stakeholder Feedback